



SUPPLEMENTAL FINANCIAL INFORMATION

Q4FY24

JULY 23, 2024

Safe Harbor Statement and Use of Non-GAAP Financial Information

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical fact. Forward-looking statements include, among other things, statements about the Company's plans, programs, strategies, prospects, and opportunities; financial outlook for future periods, including the fiscal first quarter 2025; expectations regarding our ability to service debt and continue to generate free cash flow; expectations regarding our ability to make timely quarterly payments under the settlement agreement with the U.S. Department of Commerce's Bureau of Industry and Security; expectations regarding logistical, macroeconomic, or other factors affecting the Company; expectations regarding market demand for the Company's products, our visibility into such demand and our ability to optimize our level of production and meet market and industry expectations and the effects of these future trends on Company's financial and operational performance; anticipated shifts in technology and storage industry trends, and anticipated demand and performance of new storage product introductions, including HAMR-based products; and expectations regarding the Company's business strategy and performance, as well as dividend issuance plans for the fiscal quarter ending September 27, 2024 and beyond. Forward-looking statements generally can be identified by words such as "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "should," "may," "will," "will continue," "can," "could" or the negative of these words, variations of these words and comparable terminology, in each case, intended to refer to future events or circumstances. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are subject to various uncertainties and risks that could cause our actual results to differ materially from historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's latest periodic report on Form 10-Q or Form 10-K filed with the U.S. Securities and Exchange Commission. Undue reliance should not be placed on the forward-looking statements in this press release, which are based on information available to us on, and which speak only as of, the date hereof. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, unless required by applicable law.

To supplement the consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses non-GAAP measures of gross profit, gross margin, operating expenses, income from operations, operating margin, net income, diluted EPS, free cash flow, EBITDA, adjusted EBITDA and the last twelve months (LTM) adjusted EBITDA, which are adjusted from results based on GAAP to exclude certain benefits, expenses, gains and losses. A full discussion of these adjustments can be found in the earnings press release for the Company's most recent fiscal quarter. These non-GAAP financial measures are provided to enhance the user's overall understanding of the Company's current financial performance and its prospects for the future. Specifically, the Company believes non-GAAP results provide useful information to both management and investors as these non-GAAP results exclude certain benefits, expenses, gains and losses that it believes are not indicative of its core operating results and because it is similar to the approach used in connection with the financial models and estimates published by financial analysts who follow the Company.

These non-GAAP financial measures are used by management to assess the Company's performance, allocate resources and plan for future periods. These non-GAAP financial measures should only be considered as supplemental to results prepared in accordance with GAAP, and not considered as a substitute or replacement for, or superior to, GAAP results. These non-GAAP measures may differ from the non-GAAP measures reported by other companies.

Executive Summary

Delivered robust Q4'24 performance and enter FY25 with strong financial & operational execution amid improving demand trends

- Revenue up 14% sequentially and 18% year-on-year underpinned by strengthening global cloud demand
- Gross margin (non-GAAP) of 30.9%, up 480 bps sequentially, HDD gross margins higher than company gross margin
- Operating income (non-GAAP) of \$327M, up 79% sequentially, reflecting improving exabyte demand, favorable mix trends, and on-going focus on profitability
- EPS (non-GAAP) of \$1.05, well above the high-end of guidance range
- Adjusted EBITDA improved sequentially by 45% to \$404M
- Free cash flow (FCF) increased sequentially every quarter of the fiscal year. Q4FY24 FCF was \$380M, including \$226M from the sale of System-on-Chip Operations, net of transaction costs

	Q4FY24	FY24
Revenue	\$1.89B	\$6.55B
Gross Margin (non-GAAP)	30.9%	25.5%
Operating Margin (non-GAAP)	17.3%	10.3%
Diluted Earnings Per Share (non-GAAP)	\$1.05	\$1.29
Cash Flow From Operations	\$434M	\$918M

114EB

**HDD Capacity
Shipped
+15% Q/Q**



9.3TB

**Average Capacity
Per Drive
+6% Q/Q**

Markets and Technology Highlights



Markets

- **Mass Capacity** exabyte shipments now represent >90% of total exabyte shipments
- **Nearline cloud** revenue more than doubled year-over-year; attribute demand drivers to both traditional cloud computing workloads and new AI deployments
- **Nearline enterprise/OEM** gradually improving with stronger growth projected in 2H CY24 driven by modest traditional server unit demand growth and higher unit content
- **VIA** revenue exceeded expectations while inventory remains at healthy levels; but will likely fluctuate slightly in the second half of the calendar year due to order timing; revenue outlook for CY24 remains unchanged



Technology

- **Seagate's high-capacity HDD portfolio** offers cloud and enterprise customers cost, power and space advantages, that are particularly valuable for their critical AI and other data-driven initiatives
- **24TB CMR / 28TB SMR:** Numerous cloud, enterprise, and VIA customers qualified with volume shipments starting in Q1FY25
- **Mozaic 3+:** Shipped a small volume for revenue to non-cloud customers in Q4FY24; expect to complete qualification with the lead CSP customer and start multiple US and China cloud customer qualifications in Q1FY25; estimating broader volume ramp toward mid calendar 2025
- **Mozaic 4+** offers 33% more capacity compared with Mozaic 3+ with minimal change in bill of material

Quarterly Financial Trends

	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ	YoY
Results (non-GAAP)¹							
Revenue (\$M)	1,602	1,454	1,555	1,655	1,887	14%	18%
Gross Margin %	19.5%	19.8%	23.6%	26.1%	30.9%	4.8 ppt	11.4 ppt
Operating Expenses (\$M)	258	248	240	249	256	3%	-1%
Operating Margin %	3.4%	2.8%	8.2%	11.1%	17.3%	6.2 ppt	13.9 ppt
Net Income (Loss) (\$M)	-37	-46	25	71	222	213%	*
Diluted EPS	-\$0.18	-\$0.22	\$0.12	\$0.33	\$1.05	213%	*
End of Qtr Actual Share Count (M)	207	209	210	210	210	0%	1%
Diluted Shares O/S for EPS ¹ (M)	207	208	211	212	212	0%	2%
Cash and Cash Equivalents (\$M)	786	795	787	795	1,358	71%	73%
Debt ² (\$M)	5,451	5,666	5,669	5,671	5,674	0%	4%
Cash Flow From Operations (\$M)	218	127	169	188	434	131%	99%
Capital Expenditures ³ (\$M)	50	70	70	60	54	-10%	8%
Free Cash Flow ¹ (\$M)	168	57	99	128	380	197%	126%
LTM Dividend Paid (\$M)	582	580	581	583	585		
Dividends Per Share Paid	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70		
LTM Shares Repurchased (M)	5.4	-	-	-	-		
Days Sales Outstanding	35	33	28	18	21		
Days Inventory Outstanding	80	73	80	88	88		
Days Payables Outstanding	112	105	124	124	126		
Cash Conversion Cycle	3	1	-16	-17	-18		

NOTE: Minor changes and calculation variances are due to rounding. Effective Q1FY24, the estimated useful lives of certain manufacturing equipment are changed from a range of 3-7 years to 3-10 years. This effect of this change in estimate is recognized prospectively.

1. See 'Reconciliation Tables' section for GAAP reconciliation.

2. Principal outstanding less unamortized discount and debt issuance cost.

3. Capital Expenditures is cash paid for the acquisition of property, equipment, and leasehold improvements.

* Not a meaningful figure

Quarterly Financial Trends Continued

	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ	YoY
Revenue by Product Line (\$M)							
HDD	1,385	1,295	1,384	1,477	1,727	17%	25%
Mass Capacity	984	1,017	1,060	1,180	1,437	22%	46%
<i>Mass Capacity as a % of HDD revenue</i>	71%	79%	77%	80%	83%	3 ppt	12 ppt
Legacy	401	278	324	297	290	-2%	-28%
Systems, SSD & Other	218	159	171	178	160	-10%	-27%
Revenue by Channel							
OEM	73%	71%	73%	75%	79%	4 ppt	6 ppt
Distributors	14%	18%	14%	15%	12%	-3 ppt	-2 ppt
Retail	13%	11%	13%	10%	9%	-1 ppt	-4 ppt
Capacity Shipped (EB)							
Mass Capacity	91.2	89.6	95.1	99.1	114.2	15%	25%
<i>Nearline</i>	75.2	79.2	83.2	88.5	103.9	17%	38%
Legacy	54.7	56.0	65.1	71.7	84.3	18%	54%
Legacy	16.0	10.4	12.0	10.6	10.3	-3%	-36%
Average Capacity per Drive (TB)							
Mass Capacity	6.4	7.5	8.2	8.7	9.3	6%	45%
Legacy	9.6	10.3	11.9	12.5	12.6	1%	31%
Legacy	2.5	2.4	2.6	2.5	2.5	1%	2%

NOTE: Minor changes and calculation variances are due to rounding.

Guidance Q1FY25

Q1FY25

Revenue	\$2.10 billion \pm \$150 million
Operating Margin ¹ (non-GAAP)	High-teens % of revenue
Diluted Earnings Per Share ^{1,2} (non-GAAP)	\$1.40 \pm \$0.20

At the mid point of the guidance:

- Operating Expense (non-GAAP) expected to be ~\$270 million
- Tax Expense (non-GAAP) expected to be \$15-20 million
- Diluted Shares O/S for EPS (non-GAAP) expected to be ~213 million

1. We have not reconciled our non-GAAP diluted EPS guidance for fiscal first quarter 2025 to the most directly comparable GAAP measure, other than estimated share-based compensation expenses, because material items that may impact these measures are out of our control and/or cannot be reasonably predicted, including, but not limited to, accelerated depreciation, impairment and other charges related to cost saving efforts, net (gain) loss recognized from early redemption of debt, purchase order cancellation fees, strategic investment losses (gains) or impairment charges, income tax adjustments on these measures, and other charges or benefits that may arise. The amounts of these measures are not currently available but may be material to future results. A reconciliation of the non-GAAP diluted EPS guidance for fiscal first quarter 2025 to the corresponding GAAP measures is not available without unreasonable effort. A reconciliation of our historical non-GAAP financial measures to their nearest GAAP equivalent is contained in this presentation.

2. Guidance regarding non-GAAP diluted earnings per share excludes known pre-tax charges related to estimated share-based compensation expenses of \$0.16 per share

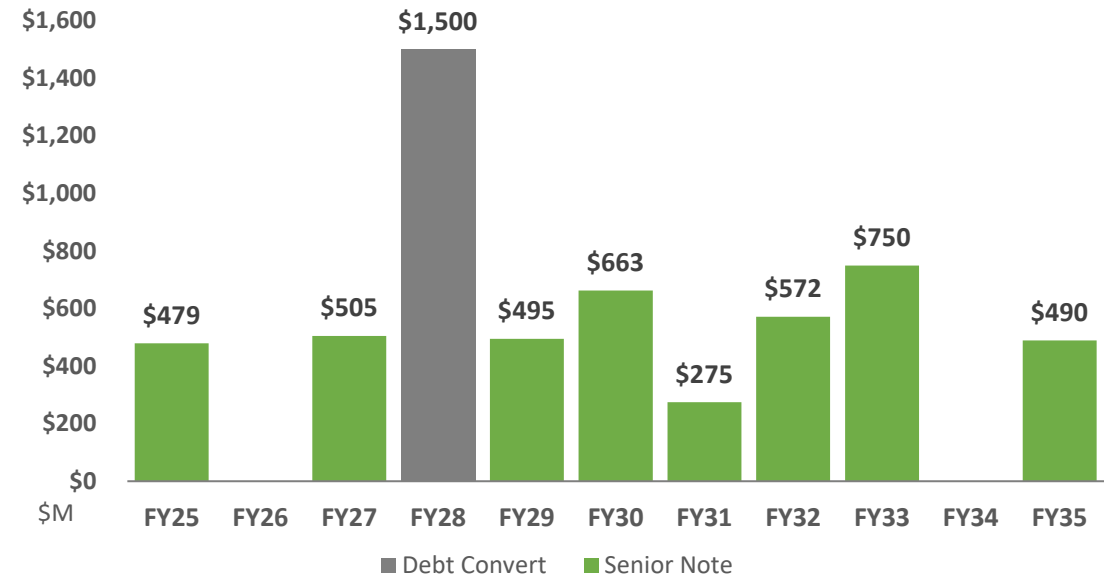
Debt Capital Structure

- \$2.9B Liquidity¹, \$1.4B cash, \$1.5B revolving credit facility
- \$5.7B Debt², weighted average interest rate of 5.6%, weighted average maturity of ~5 years
- More than 90% of our long-term debt obligations are due in FY27 and beyond
- Link to [Illustrative Table of Potential Dilutive Impact of Exchangeable Senior Notes due 2028](#)

Debt Metrics

	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Debt (\$M) ²	4,732	4,934	4,942	4,934	4,371
LTM Cash Interest Expense (\$M)	327	313	318	329	303
LTM Adjusted EBITDA (\$M) ³	974	798	758	815	1,041
Total Leverage Ratio on Net Debt ^{4,5}	4.9x	6.2x	6.5x	6.1x	4.2x
Interest Coverage Ratio ⁶	3.0x	2.6x	2.4x	2.5x	3.4x

Debt Maturity Profile (Principal Outstanding)



NOTE: Minor calculation variances are due to rounding. For the capitalized terms included but not defined here, please see the Credit Agreement filed with the SEC.

- Liquidity levels include both Cash and cash equivalents and revolver.
- Debt refers to principal outstanding and net debt refers to principal outstanding less cash and cash equivalents.
- EBITDA is defined as net income (loss) before income tax expense, interest expense, interest income, depreciation and amortization. Adjusted EBITDA excludes certain benefits, expenses, gains, losses and other extraordinary charges such as factory underutilization charges and BIS settlement penalty. LTM adjusted EBITDA is defined as the total of last twelve months adjusted EBITDA. See 'Reconciliation Tables' section for reconciliation of Net Income to adjusted EBITDA.
- On September 27, 2023, Seagate amended its Credit Agreement to modify and/or remove certain financial covenants. From Q4FY24 to Q4FY25, the maximum permitted total net leverage ratio is 6.75 to 1.00, to the extent that the aggregate outstanding amount of revolving loans, swingline loans and the aggregate face amount of letters of credit exceeds 25% of the then outstanding revolving commitments in effect ("Testing condition") as of the last day of the fiscal quarter. The maximum permitted total leverage ratio for each fiscal quarter ending after Q4FY25 is 4.00 to 1.00.
- Also known as "total net leverage ratio", which reflects Net Debt divided by LTM Adjusted EBITDA.
- From Q4FY24 to Q4FY25, the minimum interest coverage ratio is 2.25 to 1.00, to the extent that the Testing Condition as of the last day of the fiscal quarter. The minimum interest coverage ratio is 3.25 to 1.00 for the fiscal quarter ending after Q4FY25.



Reconciliation Tables

<u>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (\$M)</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4FY24</u>	<u>FY24</u>
GAAP Gross Profit	\$ 304	\$ 149	\$ 362	\$ 425	\$ 600	\$ 1536
Accelerated depreciation, impairment and other charges related to cost saving efforts	3	13	—	—	—	13
Purchase order cancellation fees	—	118	(4)	(1)	(26)	87
Share-based compensation	5	7	8	8	9	32
Other charges	1	1	1	—	—	2
Non-GAAP Gross Profit	\$ 313	\$ 288	\$ 367	\$ 432	\$ 583	\$ 1670
GAAP Gross Margin %	19.0%	10.2%	23.3%	25.7%	31.8%	23.4%
Non-GAAP Gross Margin %	19.5%	19.8%	23.6%	26.1%	30.9%	25.5%

<u>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (\$M)</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4FY24</u>	<u>FY24</u>
GAAP Operating Expenses	\$ 278	\$ 278	\$ 238	\$ 282	\$ 286	\$ 1084
Restructuring and other, net	8	(2)	31	(2)	3	30
Share-based compensation	(17)	(18)	(22)	(26)	(29)	(95)
Other charges	(11)	(10)	(7)	(5)	(4)	(26)
Non-GAAP Operating Expenses	\$ 258	\$ 248	\$ 240	\$ 249	\$ 256	\$ 993

<u>Reconciliation of GAAP Income (Loss) From Operations to Non-GAAP Income From Operations (\$M)</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4FY24</u>	<u>FY24</u>
GAAP Income (Loss) From Operations	\$ 26	\$ (129)	\$ 124	\$ 143	\$ 314	\$ 452
Accelerated depreciation, impairment and other charges related to cost saving efforts	3	13	—	—	—	13
Purchase order cancellation fees	—	118	(4)	(1)	(26)	87
Restructuring and other, net	(8)	2	(31)	2	(3)	(30)
Share-based compensation	22	25	30	34	38	127
Other charges	12	11	8	5	4	28
Non-GAAP Income From Operations	\$ 55	\$ 40	\$ 127	\$ 183	\$ 327	\$ 677
GAAP Operating Margin %	1.6 %	(8.9)%	8.0 %	8.6 %	16.6 %	6.9 %
Non-GAAP Operating Margin %	3.4 %	2.8 %	8.2 %	11.1 %	17.3 %	10.3 %

<u>Reconciliation of GAAP Net (Loss) Income to Non-GAAP Net (Loss) Income (\$M)</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4FY24</u>	<u>FY24</u>
GAAP Net (Loss) Income	\$ (92)	\$ (184)	\$ (19)	\$ 25	\$ 513	\$ 335
Accelerated depreciation, impairment and other charges related to cost saving efforts	3	13	—	—	—	13
Net gain from business divestiture	—	—	—	—	(313)	(313)
Net gain from termination of interest rate swap	—	(104)	—	—	—	(104)
Net loss from early redemption of debt	17	29	—	—	—	29
Purchase order cancellation fees	—	118	(4)	(1)	(26)	87
Restructuring and other, net	(8)	2	(31)	2	(3)	(30)
Share-based compensation	22	25	30	34	38	127
Strategic investment losses or impairment charges	9	—	43	—	8	51
Other charges	12	11	8	5	4	28
Income tax adjustments	—	44	(2)	6	1	49
Non-GAAP Net (Loss) Income	\$ (37)	\$ (46)	\$ 25	\$ 71	\$ 222	\$ 272

<u>Reconciliation of GAAP Diluted Net (Loss) Income Per Share to Non-GAAP Diluted Net (Loss) Income Per Share (\$M)</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4FY24</u>	<u>FY24</u>
GAAP Diluted Net (Loss) Income Per Share	\$ (0.44)	\$ (0.88)	\$ (0.09)	\$ 0.12	\$ 2.39	\$ 1.58
Accelerated depreciation, impairment and other charges related to cost saving efforts	0.01	0.06	—	—	—	0.06
Net gain from business divestiture	—	—	—	—	(1.46)	(1.48)
Net gain from termination of interest rate swap	—	(0.50)	—	—	—	(0.49)
Net loss from early redemption of debt	0.08	0.14	—	—	—	0.14
Purchase order cancellation fees	—	0.57	(0.02)	—	(0.12)	0.41
Restructuring and other, net	(0.04)	0.01	(0.15)	—	(0.01)	(0.14)
Share-based compensation	0.11	0.12	0.14	0.16	0.18	0.60
Strategic investment losses or impairment charges	0.04	—	0.20	—	0.04	0.24
Other charges	0.06	0.05	0.04	0.02	0.02	0.13
Income tax adjustments	—	0.21	—	0.03	—	0.23
Non-GAAP diluted sharecount adjustments ^{1,2}	—	—	—	—	0.01	0.01
Non-GAAP Diluted Net (Loss) Income Per Share	\$ (0.18)	\$ (0.22)	\$ 0.12	\$ 0.33	\$ 1.05	\$ 1.29

Shares used in diluted earnings (loss) per share calculation (M)

GAAP	207	208	209	213	215	212
Non-GAAP diluted sharecount adjustments ^{1,2}	-	-	2	(1)	(3)	(1)
Non-GAAP	207	208	211	212	212	211

1. Q4FY23 and Q1FY24 GAAP and non-GAAP diluted EPS, as well as Q2FY24 GAAP diluted EPS were computed using weighted average basic shares of 207 million, 208 million, and 209 million respectively, as a result of the net loss reported during the period. Q2FY24 non-GAAP diluted EPS was computed using weighted average diluted shares of 211 million, as a result of non-GAAP net income reported during the period.

2. For Q3FY24, Q4FY24, and twelve months ended June 28, 2024, non-GAAP shares used in diluted EPS calculation excluded approximately 1 million, 3 million and 1 million shares, respectively, that are issuable upon conversion of our 2028 exchangeable senior notes using the if-converted method. This is because these dilutive effects are expected to be offset partially or in full by the capped call transactions entered by the Company in conjunction with the issuance of our 2028 exchangeable senior notes in order to reduce the potential dilution to the Company's ordinary shares upon the conversion.

<u>Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow (\$M)</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4 FY24</u>	<u>FY24</u>
Net Cash Provided by Operating Activities	\$ 218	\$ 127	\$ 169	\$ 188	\$ 434	\$ 918
Acquisition of property, equipment and leasehold improvements	(50)	(70)	(70)	(60)	(54)	(254)
Free Cash Flow	\$ 168	\$ 57	\$ 99	\$ 128	\$ 380	\$ 664

<u>Reconciliation of GAAP Net (Loss) Income to Non-GAAP Adjusted EBITDA (\$M)</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4 FY24</u>	<u>FY24</u>
GAAP Net (Loss) Income	\$ (92)	\$ (184)	\$ (19)	\$ 25	\$ 513	\$ 335
Depreciation and amortization	104	76	62	63	63	264
Interest expense	84	84	84	82	82	332
Interest income	(6)	(2)	(3)	(3)	(7)	(15)
Income tax expense	7	37	15	33	25	110
Non-GAAP EBITDA	97	11	139	200	676	1,026
Net gain from business divestiture	—	—	—	—	(313)	(313)
Net loss from early redemption of debt	17	29	—	—	—	29
Net gain from termination of interest rate swap	—	(104)	—	—	—	(104)
Purchase order cancellation fees	—	118	(4)	(1)	(26)	87
Restructuring and other, net	(8)	2	(31)	2	(3)	(30)
Share-based compensation	22	25	30	34	38	127
Strategic investment losses or impairment charges	9	—	43	—	8	51
Underutilization charges, net of depreciation and amortization	29	51	31	38	20	140
Other charges	12	11	8	5	4	28
Non-GAAP Adjusted EBITDA	\$ 178	\$ 143	\$ 216	\$ 278	\$ 404	\$ 1,041



SEAGATE

www.seagate.com

